

COUNCIL MINUTES
FEBRUARY 26, 2014

The City Council held a meeting on Wednesday, February 26, 2014, at 5:30 p.m., in the Council Chambers, 10 North Main Street, Cedar City, Utah.

MEMBERS PRESENT: Mayor Maile Wilson; Councilmembers: Ron Adams; John Black; Paul Cozzens; Fred Rowley; Don Marchant.

STAFF PRESENT: City Manager Rick Holman; City Attorney Paul Bittmenn; City Engineer Kit Wareham; Executive Secretary Barbara Barrick; Finance Director Jason Norris; Police Chief Robert D. Allinson; Fire Chief Paul Irons; Leisure Services Director Dan Rodgerson; Public Works Director Ryan Marshall; Airport Manager Russ Volk; Animal Control Officer Stenson Bergstrom; Animal Control Officer Zac Banz.

OTHERS PRESENT: Betsy Carlile, Cassidy Brown, Iron County Commissioner Dale Brinkerhoff, Todd Hess, Mike Spilker, Todd Prince, Sandi Levy, Terry Irons, Marilyn Kidwell, Shay Bauman, Gabe Amankina, Jeffery Jewkes, Nicole Shafer, Brian Shafer, Charles Brinkerhoff, Jana Leavitt, Curtis Slack, Mary Blankenship, Minnie Pittman, Blaine Nay, Karl Hugh.

CALL TO ORDER: Pastor Van Iwaarden from the Westview Christian Center gave the opening prayer; the pledge of allegiance was led by Finance Director Jason Norris.

AGENDA ORDER APPROVAL: Councilmember Adams moved to approve the agenda order; second by Councilmember Black; vote unanimous.

ADMINISTRATION AGENDA – MAYOR AND COUNCIL BUSINESS; STAFF COMMENTS:

■ John Black – Give us an update on Stone Castle. Rick – They are baling now and have two operators that are functioning. They need to repair the others and are also going to the Planning Commission to get a modification. They don't have a business license yet. John – Why are they operating then? Rick – We wanted to let them operate but they can go inside if there is a concern. John – I'm concerned about possible fire danger. Has there been a punch list created? Rick – The Fire Department and Larry have inspected and passed it off. There is still a structure needed outside to store material. Paul C – So they can't get their business license until this structure is built? How about issuing a license contingent on getting a structure built? Rick – I don't think we can do that and the public is used to taking materials down there. John – I think they need to have a business license. I need to chat with you and whomever. Rick - We are taking the City's materials to Washington County. ■ Paul C – We had our Water Conservancy meeting and we are selling water to CML Metals. We told the public that this would be temporary, so I would like to see the option of drilling a well out by WECCO. If we run a line down that road to WECCO, there is some long range planning needed for West Desert filings and for upsizing the line. We discussed that when West Desert water is brought into this valley that the other area municipalities will want to use it. Kit, has there been any planning in the past to tie our systems together? Could we pursue discussions where we could tie our systems together and maybe purchase water from the District? Has something been done already or can we work towards this? Kit – The last two years we have tried in the budget to get approval for tying these together and the cost is half a million. This would be part of the Master Plan. Paul C – Cedar City taxpayers pay 66% of the bill for

the Water District, so if we put in meters we could purchase the water at cost. I would like to pursue this. Fred – Washington County worked to interconnect their systems and it is wise to have backup built in. Kit – We will make the presentation in the budget process again. There are different pressures in the system and that is a problem. I will discuss at a future meeting. Paul B – We will have to change the City ordinance as there is currently restrictive language about selling water.

PUBLIC COMMENTS ■ CDA/AT Presentation: Minnie Pittman – Tonight I will report CDA/AT's activities and what we are planning for the coming year. Does everyone know what the Cedar Disability Action Team is? The public is aware of some of the things we have done. Our first project was to get automatic doors installed at the post office, thanks Charles Brinkerhoff. Since then, CDA/AT has been instrumental in obtaining the CATS buses. The dangerous pedestrian crossing on Main was addressed, first with orange flags, and then with lights, thanks to John Black's follow through. We have continued to focus on the needs of the physically and emotionally disabled, such as handicapped parking. We have handed out many written warnings, thanks to Bob Avedisian and Chief Allinson. The Committee has worked on curb cuts and wheelchair access all year long. Thanks to Jana Leavitt, we participate in the July Jamboree where we have a fishpond, thanks to the folks from Oasis; and a puppet show thanks to Amy Bates. This activity is costly for time and cash, since CDA/AT doesn't have a budget, but the community response is positive. These activities draw attention to the needs of the disabled in Cedar City. During the July Jamboree we had a suggestion box to find out what people in the community think we could do to help with disabled issues. We also partner with SUU for their Disability Week. This year we had the suggestion box there and due to the suggestions in it, we have decided to have a presentation on PTSD and will also be talking about emergency evacuation procedures primarily, for the handicapped at local businesses. We also have a suggestion box in the Library, thanks Mary Blankenship. Our on-going concerns are businesses for handicapped citizens. Linda Lohrengal has been instrumental in getting curb cuts at the Main Street Park and an upright handicapped sign at Bulloch Drug; gazebo access at the park, etc. We want to give a special thanks to Paul White moved to St. George and Linda Lohrengal who has retired from the Committee. They both had increasing physical problems. Most of the things we do benefit everyone and I want to emphasize that. New curb cuts make life simpler for strollers, and kids who skateboard. Our presentations on specific topics increase public awareness and compassion. Businesses increase their profit potential by having access for the handicapped. All we do for those with special needs increases the quality of life for everyone in the community. Mayor and John – We appreciate what you do. Charles – We do things in a positive way. ■ Dale Brinkerhoff – I am on the Iron County Commission and the Airport Board – Regarding Item Seven there already is a proposal out there that accepted Upper Limits Aviation fee and was supposed to come back for a vote. This proposal tonight does not come with the recommendation of the Airport Board. We see the benefits of these projects because businesses attract other businesses. We need both Upper Limits and SyberJet. I think if additional revenue for the Airport is needed, it needs to be documented and we need to give the reasons why. We don't need to nickel and dime these two to death and have them leave our Airport. I am concerned that we are moving backwards. SyberJet will bring employees and they have plans to build a larger hanger, but may not if we give them a hard time. We need to be mindful that there is already a resolution that deals with services for Upper Limits. If the Airport needs additional revenues, I would be happy to ask for some from the County. There are other sources as well and I encourage you to not approve the resolution to add additional Airport fees.

Fred – Did the Airport Board recommend this? I know there was dissension but they approved it? So are saying that you were not in favor? Dale – I don't think that we voted to send it to Council. Fred –

Which rate do you disagree with? Dale - Increasing Upper Limits rate to \$1250 per month and assessing 10% per month for each chopper over 10.

Fred - I asked Mr. Mower today if he was comfortable with the \$1250 and he was. So you are saying the 10% per month is a new issue that you disagree with? Dale - It is something that should be nixed at the moment until we get some direction. Each of these businesses will reward the City and the taxing district with revenues. John - Your concerns are with the fixed wing landing fee and the additional 10%? Dale - Yes. We need documentation of additional costs. I think there is a better way than trying to penny them off the Airport.

■Blaine Nay - I have an issue with Item Seven. The City has worked hard to attract aviation. They have invested quite a bit in lease agreements and now they want to change the rules. I don't think it's fair. If you impose additional fees, they will do the training somewhere else that may be less safe. As a pilot myself, I worry about the safety of the people and those on the ground. We don't want to drive this company away.

■Sandy Levy - I am Chair of the Board of Trustees of Iron Mission Foundation and Todd Prince is Executive Secretary - We always have Groovefest and the Arts in the Park in September. We have had a wonderful working relationship with City and the City has waived usage fees in the past and we used the funds to advertise out of the area. We want to make sure that we are going to have the same thing in the future. Dan R - The only thing that has changed is the insurance requirements and we are going to do that same as in the past.

Sandy - We found that we are required to have two million in liability insurance, and we're working on that. The ordinance doesn't require this on an Art Festival but we will probably do it anyway. Paul B - If the City waives fees for anything, such as Tim Cretsinger's benefit and any other good cause, we have to have public hearing in order to have them waived. I don't know how it happened in the past, but I will send you the statute in the morning. If have assistance from Cedar City, whether monetary or non-monetary, there needs to be a public hearing. Dan R - There is no fee schedule for renting the park. We only have pavilion rental and we usually have groups such as this rent both all day if it's a large event. The charge is only \$60 per day for both. Give me a call and we'll work it out.

CONSENT AGENDA: (1) APPROVAL OF MINUTES DATED FEBRUARY 5 & 12, 2014; (2) APPROVAL OF BILLS DATED FEBRUARY 20, 2014 ; (3) APPROVE AN AGREEMENT WITH WORKFORCE SERVICES TO ALLOW ADULT AND YOUTH PAID INTERNSHIPS, UNPAID INTERNSHIPS, AND ON THE JOB TRAINING PROGRAMS - NATASHA HIRSCHI; (4) APPROVE A COOPERATIVE AGREEMENT WITH THE CEDAR CITY/IRON COUNTY TOURISM BUREAU FOR A \$9,300 GRANT - DAN RODGERSON; (5) APPROVE A MOU WITH THE UTAH ATTORNEY GENERAL'S INTERNET CRIMES AGAINST CHILDREN INVESTIGATIVE DIVISION - CHIEF ALLINSON;

Fred - On the snow removal for Mr. Ashworth, it seems like it was the same amount last month. Since there wasn't as much snow in January, is that monthly amount the contract amount? Rick - We have an incident contract with them. We've arranged that if there is a negligible amount, he doesn't plow. But if there is six inches or six feet, it is the same price to plow.

Fred - This other item on the list, Sherratt's Friends of Library for \$800. What is that about? Rick - I will have to look into that. Jason - That was a community promotion disbursement. Paul B - This was to place old copies of the *Iron County Record* into a new storage format. That was our donation and was allocated during last year's budget. Fred - The other question is regarding uniform cleaning for the

Police Department. Do they require special care? Chief – This cost is if they are soiled by a biohazard or if they are dry cleaned. It's usually a monthly amount. Fred – Granter Hunter, is that supposed to be Huntre? Is it a misspelling? Do they care how it's spelled on the check? Rick – Could be how they spell it. I'll find out.

Councilmember Cozzens moved to approve the consent agenda items 1 through 5 as written above; second by Councilmember Rowley; vote unanimous.

CONSIDER A RAW LAND LEASE AT THE AIRPORT – DAN & GLORIA JONES/RUSS

VOLK: Fred – That was the rate set for the airport rate and fee schedule as it stands. I looked in St. George and I found the cheapest to be \$15,000 per acre and that would make that property worth \$3500. Russ says it's under consideration to change. My complaint is more with Number Seven than Number Six. Don M – Russ, doesn't this have to be changed by Council as fees are already existing and in place? We recognize that it is out of date, it's too cheap, but those are the agreements we currently have in place.

Councilmember Black moved to approve the raw land lease at the Airport to Dan and Gloria Jones; second by Councilmember Marchant; vote unanimous.

APPROVE A RESOLUTION MAKING CHANGES TO THE AIRPORT RATE AND FEE SCHEDULE – RUSS VOLK:

John – Was there a Board disagreement with Administration on this? Russ – We've been through a couple of lengthy discussions at the Airport Board. Prior to Upper Limits and SyberJet's arrival, there was an existing commercial aviation fee in place established by the Council. Upper Limit didn't want to fall under that category as their usage would be much higher than what is proposed under this new rate. They made some proposals to the Airport Board and Mayor Burgess and then there was follow up with City Administration. What you have before you tonight takes into consideration what was proposed at an internal meeting using Airport Board recommendations as a starting point. We started out this discussion so Upper Limits would not fall under the commercial rate. They tried to tell us they didn't have a way to track the landings of their helicopters and didn't want to put one into place so that we could enact a flat rate. If we put in the weight limit that was in the commercial rule, over course of a 10 hour flight day, their rate would be tens of thousands per month. Currently SyberJet doesn't fit either of these categories. The access fee is based upon the raw land lease rate at the time they were granted access to Airport just like Don and Gloria Jones. It was also done to keep in compliance with the FAA. We have to charge nine cents a square foot. Syber Jet currently doesn't fall under any of the categories. The Airport Board has asked me to come back with the expenses incurred since the arrival of Upper Limits Aviation and the projected revenue shortfalls, etc. I'm currently preparing them and will have them at the next Airport Board meeting. John B – The 10%, where did that come from? Russ – That was the Airport Board recommendation to the internal meeting.

Paul C – When Upper Limit Aviation moves out west will they purchase fuel from the Airport? Russ – They have a verbal agreement only. Once they are off the Airport, they are not bound by requirements to purchase there. Paul C – I believe a consumption tax on the fuel would be more equitable. But if they're not buying fuel from us we're not going to get it. We should focus more on consumption. Although all of us agree with the \$1250 figure, I would be hesitant to vote without justification. Fred – I agree, it's like a road tax. Don – Upper Limits will utilize the flight pattern around the Airport but not land there. The most they will have in a flight pattern will be four.

Russ – Brenda has a concessionaire agreement till July 2015 and we can't change the fee schedule on this until then. Right now the Airport's portion of the fuel tax is 12 cents. And that is locked in. If we raise that, it will raise the rate to all users and the expenses incurred are not the same for all users. There is potential for more asphalt damage and maintenance by the helicopter school that wouldn't be incurred by other users. The increased expenses since ULA has been here will be given to the Airport Board. For example, Cedar City is a non-towered airport, so the lights are activated by clicks on the radio. With the number of flights that ULA has all week, the lighting stays on much longer and we have a higher utility bill. There are some additional expenses and the question is what does the City want to do to recover those expenses? Whatever we impose on one, we impose on all. Fred – Can't you put a daylight override on clicking? Russ – The FAA says no due to adverse weather, etc. I'm not saying there is an easy solution to any of this.

Don M – We are writing the book on this whole operation. We have never had a helicopter school or SyberJet, so we don't know the impact yet. We had no idea when we were approached by ULA and SUU what the impact would be. We are experimenting. We came to an agreement with ULA for a flat fee. It was at their suggestion. We should probably be charging more. We don't know what will happen until we try these things. We need to establish a protocol to see where we go from here. We need to gain the experience in these areas. We need to be careful. This won't be the same forever and we are governed by ordinance and we need to work together. Russ – Our runways are 94 years old. The Airport is funded almost exclusively by the revenues gained from the Airport and we have no general fund contribution from the City. Everyone is invited to attend the meeting when I present the Airport operating budget and the unfunded capital items at the Airport Board meeting. We have revenue challenges such as the recent FAA grant reduction. The Airport Board needs to come up with creative ideas to get revenue. I am strapped by the revenue streams that I walked into when I came in three years ago. We want the hangers there but their contribution is less than \$30,000 per year. These are the challenges that currently face the Airport. My responsibility is to make the Airport viable. The last fee schedule update was last year during the budget process. Fred – Why is this coming now? Russ – This was at the request of ULA due to their not wanting to fall under the commercial rate and their desire for us to come up with an alternate fee schedule. Paul C – So the \$1250 amount is new for them? Russ – ULA hasn't been paying anything as they fell under commercial category but didn't want to be charged that rate. Fred – The Airport Board is closer to the situation and in tune. I gather you don't have their support on this. I think if you had the actual numbers rather than us coming up with something and then changing it in a few months it would be better. John B – I would agree. In the interim, Upper Limits Aviation agreed to the \$1250, the additional 10% is only \$125.

Russ – They were going to have only ten helicopters. Fred – Would they be willing to not bring in more helicopters until we have the fees set? They are in the middle of a semester right now, why bring in more? Russ – They have based here what they need for their current usage and are using 15. We anticipated ten. We don't have the space to accommodate any more. Don M – When they move west of town they can accommodate more. Fred – Why can't ULA pour a slab out west for maneuvers? Russ – We already have the surfaces built. Rick – There is more space at the Airport. Russ – The Airport has tried to accommodate their operation. Paul C – They need to pay their way. Don M – I like ULA, they have good people and a great program. We like SyberJet. The issue is what is going to prove to be the most prudent way to meet our needs. This is not a contest or trying to run anyone out of town. But need to have give and take. Fred – So ULA is okay with the \$1250 but we don't know about the 10%? Russ – Mike has seen what is in front of you tonight. John B – I agree with Don, bottom line should be to

preserve the airport. To the City that's the most important. I don't think have all the information. I think we should either table this until we receive Russ's information on costs. Also, if we are billing retroactively, I'm not sure about the 10 helicopter number. Why don't we use the \$1250 rate, retroactive to a certain date, and then after we see the cost figures, we can change it the way we want it.

Paul B – If you want to do that, you can adopt the proposed language and strike out last two sentences. Paul C – I would like that, but would like to have the fuel tax raised and have them agree to buy fuel. Rick – We can't require anyone to buy fuel even if they land there. Paul C – I know. Rick – If Council approves the \$1250 flat fee retroactively, then when Russ presents the cost figures, we can talk about additional information that can be included. Paul – Will you have a hard time justifying additional expense? Russ – No. Inspections have increased, there is an increased amount of my time answering noise complaints, there is an increase in hours spent cleaning the paved surfaces of debris, and utility costs. I don't have a way to calculate the long-term cost of maintenance, just the wear and tear right now. John B – What about the fixed wing at 50 cents per landing? Do we change that now? Russ – No, this is not commercial aviation. None of the fees affect Syber Jet except the raw land lease. Paul B – Is Syber Jet concerned that they might come in under commercial? Russ – No, we have clarified with them that they are not included in that. Rick – We have learned that we are going to sit down with SyberJet before they start to make sure we understand each other's expectations. Councilmember Black moved to approve the resolution making changes to the Airport rate and fee schedule, striking the last two sentences until Council can evaluate Russ's expense information; second by Councilmember Cozzens; vote as follows:

AYE: 4
NAY: 1 (Council Member Rowley)
ABSTAINED: 0

CONSIDER AN ORDINANCE AMENDING CHAPTER 11, ANIMAL CONTROL TO ALLOW FOR CAT FOSTER CARE PROGRAM – CHIEF ALLINSON:

Councilmember Rowley moved to approve the ordinance amending the Animal Control Ordinance to allow for cat foster programs; second by Councilmember Adams; roll call vote as follows:

Ron Adams	-	AYE
John Black	-	AYE
Paul Cozzens	-	AYE
Don Marchant	-	AYE
Fred Rowley	-	AYE

AUDIT PRESENTATION:

Mike Spilker – I am a partner with Hinton Burdick. We are a regional firm and we perform auditing services for local government entities such as Cedar City and the Iron County School District. Todd is the audit manager. (See exhibit).

Todd – The City received a clean opinion. During the audit we gain an understanding of the City's internal controls. The City received a clean opinion there as well. Compliance on Major Program and Internal Control this is federal funds over \$500,000. The City received clean report there as well. There was a clean opinion received on compliance for each major program and for Internal Control. State Compliance had a few findings, but received a clean opinion, as they are trivial. City revenues are

coming up and expenditures are staying low. Taxes are the most significant revenue. Water funds are doing what they are supposed to do. The sewer plant looks good. Cash wise the City is in pretty good shape. Debt as compared to assets is very little. Due to this the City has some flexibility and that is good.

ADJOURN: Councilmember Black moved to adjourn at 7:10 p.m.; second by Councilmember Cozzens; vote unanimous.


Barbara Barrick
Executive Assistant



**Independent Auditors' Report on Compliance and on
Internal Controls Over Compliance in Accordance
with the *State of Utah Legal Compliance Audit Guide***

To the Honorable Mayor and
Members of the City Council
Cedar City, Utah

REPORT ON COMPLIANCE

We have audited Cedar City's compliance with the general State program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

The general compliance requirements applicable to the City are identified as follows:

Cash Management	Government Records Access Management Act
Budgetary Compliance	Conflicts of Interest
Fund Balance	Nepotism
Impact Fees	Utah Public Finance Website
Utah Retirement System Compliance	Open and Public Meetings Act
Transfers from Utility Enterprise Funds	

The City received the following major assistance programs from the State of Utah:

C Road Funds (Department of Transportation)

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, Cedar City complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 13-01 and 13-02.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

We did note certain deficiencies, which we are submitting for your consideration. These matters are described in the accompanying findings and recommendations letter.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying letter to management. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



HintonBurdick, PLLC
January 31, 2014



MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
DEAN R. BURDICK, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA

KENNETH A. HINTON, CPA
MORRIS J. PEACOCK, CPA
PHILLIP S. PEINE, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

**Findings and Recommendations
For the Year Ended June 30, 2013**

Honorable Mayor and City Council
Cedar City, Utah

Ladies and Gentlemen:

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. During our audit of the funds of Cedar City, Utah for the fiscal year ended June 30, 2013 we noted improvements in the City's accounting and budgeting system and wish to commend the City for their achievements. We noted some areas needing corrective action in order for the City to be in compliance with laws and regulations. These items are discussed below for your consideration.

Internal Control over Financial Reporting:

Material Weaknesses: None noted

Significant Deficiencies: None noted

COMPLIANCE AND OTHER MATTERS

Compliance Findings:

13.01 Deposit and Investment Report Form

Public treasurers are required to file a "Deposit and Investment Report Form" with the Money Management Council each year (UCA 51-7-15(3)). This report contains information about the deposits and investments of that public treasurer. The Council uses this form to determine if the entity is in compliance with the Money Management Act. We noted that the amount reported for one of the City's accounts was not correct.

Recommendation

We recommend the City review its procedures for preparing the Deposit and Investment Report Form to ensure the correct amounts are reported to the Money Management Council.

13.02 Use of Utility Fund Services

Utah Code 10-6-135 indicates that departments of the City should pay for utility services at the same rate charged to other customers. If a City's departments are not being charged for the utility services, the rate payers should be notified and a public hearing held. Apparently, the City has not charged its departments for water, sewer, irrigation, garbage, or drainage and has not notified the rate payers or held a public hearing.

Recommendation

We recommend the City either charge its departments for utility services at the same rate as other utility users or hold a public hearing and notify rate payers that the City's departments are not being charged.

Other Matters: None Noted

Please respond to the above Findings and Recommendations in letter form for submission to the Utah State Auditor's office as required by State law.

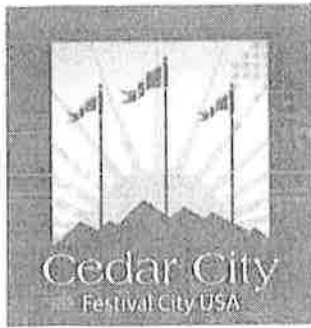
This report is intended solely for the information and use of the mayor, city council, management, and various federal and state agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the City this past year. We would like to express special thanks to all those who assisted us in this year's audit. We invite you to ask questions of us throughout the year and we look forward to a continued professional relationship.

Sincerely,



HintonBurdick, PLLC
January 31, 2014



Cedar City

10 North Main Street • Cedar City, UT 84720
435-586-2950 • FAX 435-586-4362
www.cedarcity.org

Mayor
Maile L. Wilson

Council Members
Ronald R. Adams
John Black
Paul Cozzens
Don Marchant
Fred C Rowley

City Manager
Rick Holman

February 5, 2014

Hinton, Burdick, Hall & Spilker, PLLC
239 South Main, Ste. 100
Cedar City, UT 84720

Dear Hinton, Burdick, Hall & Spilker, PLLC:

As a result of Cedar City Corporation's (the City's) June 30, 2013 fiscal year audit, the City responds as follows to the items in the findings and recommendations letter dated February 1, 2014.

Deposit and Investment Report Form

The City intends to accurately report account balances to remain in compliance with the Money Management Act. City staff will make additional efforts to verify account balances before submitting the "Deposit and Investment Report Form" to the Money Management Council.

Use of Utility Fund Services

City staff will review Utah Code 10-6-135 during the City's annual budget process and take appropriate measures to implement proper notification and budgeting of utility resources.

If the City can be of further assistance or provide additional information relative to these findings, please call me at 865-5104.

Sincerely,


Jason Norris
Finance Director

CEDAR CITY, UTAH
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal Control over major programs:

- Material weakness (es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance
for major programs:

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs

CFDA Number(s)

Name of Federal Program or Cluster

20.106

Airport Improvement Program

Dollar threshold used to distinguish between type
A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

☒ yes ☐ No

CEDAR CITY, UTAH
Schedule of Findings and Questioned Costs, Continued
For the Year Ended June 30, 2013

Section II – Financial Statement Findings

No significant matters were noted.

Section III – Federal Award Findings and Questioned Costs

No significant matters were noted.

Section IV – Summary Schedule of Prior Audit Findings

No significant matters were noted.